

VERMONT AND NEW HAMPSHIRE

2005 ANNUAL REPORT

USDA



**Rural
Development**

Committed to the future of rural communities.



Committed to the future of rural communities.

MISSION:

**“To increase economic opportunity
and improve the quality of life
for all rural Americans”**

FISCAL YEAR 2005

**\$133,893,057 INVESTED IN
VERMONT AND NEW HAMPSHIRE**

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**RD...CONNECTING ASSETS ALONG
THE ROAD TO PROSPERITY**

2005 HIGHLIGHTS

ALMOST \$134 MILLION INVESTED IN VT AND NH

• INVESTMENT IN HOUSING:

- ◇ 405 families achieved homeownership
- ◇ 159 families received loan and grant funds to make their homes free of health and safety hazards
- ◇ 58 loans were leveraged with our housing partners for an additional \$1.5 million
- ◇ Three non-profit groups received a total of \$150,000 in Housing Preservation Grants, leveraging other public and private funds for repairs to homes of low income homeowners
- ◇ VT and NH received 4.3% of the National allocation for rural rental housing: \$4.3 million for construction and rehabilitation of 150 units of family or elderly housing
- ◇ \$12,468,005 in rental assistance was provided to 3,054 renters

• INVESTMENT IN RURAL UTILITIES:

- ◇ Provided \$29,392,182 for installation and upgrade of water and sewer systems to 15 communities
- ◇ The VT/NH jurisdiction led the nation with the award of six Solid Waste Management Grants totaling \$534,000, 15.4% of the total awarded nationally
- ◇ Two Distance Learning Telemedicine Grants totaling \$826,430 and a Distance Learning and Telemedicine Loan and Grant combination totaling \$2,950,000 were made in NH

• INVESTMENT IN COMMUNITY FACILITIES:

- ◇ A total of \$10,656,088 in low-interest loans to rural communities and non-profit agencies ensured access to public safety, recreation, cultural activities and vibrant downtowns
- ◇ Fifty Community Facility Grants were awarded totaling \$1,796,018 to address health and safety issues, for town halls, libraries, fire stations, emergency equipment and child and adult day care centers
- ◇ Working to meet as many community needs as possible, VT and NH obligated 727% of their initial Community Facility Grant Program allocation

• INVESTMENT IN BUSINESS PROGRAMS:

- ◇ \$3.5 million in new Intermediary Relending Program loans to establish or recapitalize six small business lending programs
- ◇ VT/NH ranked #1 in both obligation and obligation per FTE in the Intermediary Relending Program, obligating more money, with less employees than any other state in the nation
- ◇ Five lenders used the Business and Industry Loan Guarantee Program to make seven business loans, totaling \$10,252,000, impacting 425 employees
- ◇ VT/NH farms, forests and agricultural organizations received grants totaling \$445,212 including the first Value-Added Producer Grant in NH

• INVESTMENT IN THE 'REAP' ZONE:

- ◇ More than \$12 million dollars was provided to homeowners, communities and organizations in the Northeast Kingdom, the Vermont designated Rural Economic Area Partnership Zone

MESSAGE FROM THE STATE DIRECTOR

USDA Rural Development is proud to connect our assets along the road to prosperity in Vermont and New Hampshire's backyard. With more than \$133 million invested across the two states in FY 2005, we are seeing the results of our investment...more and better paying jobs, cleaner drinking water and streams, enhanced community-based opportunities, and the dream of homeownership come true.



Our commitment to providing access to safe, affordable housing helped 405 families become new homeowners, offering themselves and their families an opportunity to lay anchor in a community. Another 206 homeowners took advantage of Rural Development's Home Repair Loan and Grant Program, providing wheel chair accessibility, a new toilet and sink, and a furnace that operates when it's 20 degrees below zero. With our public and private sector partners we also helped to rehab existing properties and create new rental housing – 150 units total. By providing rental assistance for 3,054 customers - over \$12 million last year - many rental units remain affordable in VT and NH. RD's Housing Programs are all about 'quality of life'.

Job creation – a cornerstone of President Bush's domestic agenda, is a priority that is mirrored by Vermont and New Hampshire's Governors and Congressional delegations. USDA Rural Development's business programs invested over \$16 million dollars in business loans, loan guarantees and grants last year to create and retain hundreds of jobs, improve business productivity and boost local economies. In addition to our work with manufacturers and a variety of small businesses, RD seeks opportunities to connect Agency resources to the working landscape. We are pleased to highlight the first Value-Added Producer Grant awarded in NH, presented to the Northeast Deer and Elk Farmers for \$40,362. A nationally competitive renewable energy grant was awarded to Deer Flats Farm in West Pawlet, VT. They received \$203,550 to purchase and construct an on-farm methane digester. These grants support old-fashioned Yankee ingenuity and entrepreneurial opportunities.

'Connectivity' is a critical component for a successful rural economy in the 21st century. RD secured almost \$4 million in Distance Learning, Telemedicine funds for NH. Grants were awarded to the Visiting Nurses Association, Home Healthcare Services of Keene and the Exeter Regional Cooperative District. The third award was a combination Telemedicine loan and grant to New London Hospital. A \$37,490 Rural Business Enterprise Grant was awarded to the Vermont Council on Rural Development to establish wireless internet systems and access points – WIFI Hotspots – at 12 small businesses in the Northeast Kingdom of VT. The NH Department of Resources and Economic Development will create the "High Speed Heroes" program with a \$75,000 Rural Business Enterprise Grant to help small businesses expand marketing capacity via the internet.

Our communities represent the heartbeat of rural America, and USDA Rural Development does much to support vibrant downtowns, construct or make improvements to health care facilities, town offices, water and wastewater systems, and day care facilities. We provided almost \$3 million dollars for First Responder initiatives: fire trucks, ambulances, police vehicles, and emergency centers. Access to these critical community services helps to ensure that rural communities are attractive options for individuals and families to live, work and play.

Partners matter...a belief every RD employee holds strong. RD's accomplishments are achieved by leveraging resources and building partnerships with local government, state agencies, non-profits, and the private sector. *NCIC (Northern Community Investment Corporation) was selected as our 2005 Partner of the Year for both NH and VT. Our Guaranteed Lender of the Year for New Hampshire was First Horizon Home Loans, and for Vermont, Community National Bank.* Read more about these recognitions on page 15.

I am proud to share USDA Rural Development's 2005 Annual Report with you. Our dedicated, knowledgeable staff, and our superior partners, help citizens and communities build and sustain a vital rural Vermont and New Hampshire.

MICHAEL JOHANNS

SECRETARY, US DEPARTMENT of AGRICULTURE



On May 11, 2005, USDA Rural Development celebrated 70 years of service to America. Much has changed since 1935 when the crisis was the Depression, our mission was agricultural stabilization, and the cutting edge was rural electrification. Today, rural America is dynamic and diversified; the cutting edge is broadband and renewable energy. Our Rural Development mission is increasing economic opportunity and improving the quality of life in rural America. But from 1935 through today, one thing has remained constant: the commitment of the men and women of USDA Rural Development to the future of rural communities.

Since the beginning of the Bush Administration, Rural Development has invested more than \$63 billion and created or saved more than 1.1 million jobs in rural communities. We have assisted almost a quarter of a million rural families achieve the dream of homeownership and invested almost \$5 billion in our business programs alone.

The future holds challenges, but it also holds great promise. As you plan for the future, USDA Rural Development is here to support you and your community. We are locally based; as your neighbors, our employees are rooted in your communities and share your values and concerns, just as we have since 1935. We are proud of Rural Development's record of achievement throughout the past 70 years and we look forward to working with you to bring increased opportunities to Vermont and New Hampshire as we work together to build an even stronger rural America.

THOMAS DORR

UNDER SECRETARY, USDA RURAL DEVELOPMENT



The face of rural America continues to change, and USDA Rural Development is changing with it. No longer the "lender of last resort," we are rural America's investment bank, a venture capital entity that creates jobs, promotes business development, and provides community facilities and affordable housing. Our goal is to build viable and sustainable rural communities.

In each of the last five years, the Bush Administration has invested about \$13 billion in rural America. Rural Development has provided housing, water and sewer funds, hundreds of millions of dollars in business loan guarantees, telecommunications and electric loans and grants. Public safety buildings, rescue equipment, libraries, town halls and access to broadband have all been made possible through the efforts of Rural Development. At Rural Development we are working to ensure that all Americans have access to the technological revolution sweeping the nation.

One of the biggest challenges facing our nation is the need for renewable energy. In our ongoing effort to promote development of new energy sources, USDA Rural Development in 2005 funded 154 renewable energy grants and two renewable energy loans totaling \$32.3 million. Additionally, through the Value-Added Producer Grant program, Rural Development provided \$2.8 million for 30 more energy related projects. From wood fired generating plants to wind turbines, biofuel production and anaerobic digesters, USDA Rural Development is financing new sources of renewable energy while offering farmers, ranchers and small businesses a potential new source of income.

What makes all this happen are the USDA Rural Development employees. I'm proud of the job our employees do every day. They're highly skilled, dedicated, and truly "Committed to the Future of Rural Communities."

HOUSING PROGRAMS

SINGLE FAMILY HOUSING: \$54,466,873

RD encourages the pride of homeownership

Last year, 405 families in VT and NH became proud, first time homeowners.



Spending their first Christmas in their new home in Barnstead, NH, Kevin and Tracey Woods pose with Carol Jordan, Relationship Manager with First Horizon Home Loans on the left and Realtor Eve Janelle on the right.

During FY 2005, **214 families** became homeowners through RD's **Guaranteed Housing Program Loan**.

Homeownership Month was celebrated in June by Rural Development employees and many of our housing partners across New Hampshire and Vermont. There were tree plantings, radio talk shows, workshops, a housing fair, an appearance on Housing and Urban Development's monthly cable television show and two Across the Fence programs featuring Rural Development's single family home mortgage and repair loans.



Employees of Tri-County Community Action Program and Rural Development spent June 15th at the home of 94-year old Groveton, NH resident, Mr. Goulet. They tore down a dilapidated front porch and replaced it with a new one. They mowed the lawn and removed unwanted materials from the basement and garage. Tri-County CAP later returned to complete the project, replace windows and finish foundation work. There was no need to work on the roof, as Mr. Goulet replaced it by himself last year!!!!

Above, employees start the "tear down" process. Left: Mr. Goulet checks on his "crew's" progress.



Right: Sue Hayes, RD Area Director, pitches in at a landscaping project with partners from Lake Champlain Housing and Vermont Housing Finance Agency.



The **Direct Single Family Housing Program** serves rural families who do not qualify for conventional financing by providing interest rate subsidy. Last year 191 families became first time homeowners with RD direct housing loan program. RD's **Guaranteed Housing Loan Program** provides loan guarantees to conventional lenders for the acquisition of homes by moderate income families.

Rural Development **Home Repair Loans** up to \$20,000 at 1% interest rate are available to low income homeowners.

Grants up to \$7,500 are available to homeowners 62 years of age and older to remove health and safety hazards. 159 homeowners received grants and loans to make structural, electrical, heating and plumbing repairs.

Repairs to an additional 47 single family homes was provided through Rural Development's **Housing Preservation Grants**, awarded this year to **Lake Champlain Housing Corp. in St. Albans, VT, Southwestern Community Services in Keene, NH and Tri-County Community Action Program in Berlin, NH.**

HOUSING PROGRAMS

MULTI-FAMILY HOUSING: \$17,155,005

RD provides affordable and safe rental housing

During Fiscal Year 2005, \$3,200,000 was obtained to construct 74 new units of family housing in Alstead and Laconia, NH and in Glover and Northfield, VT. Another 76 units in Groton, Greensboro, Middlebury and South Londonderry, VT will be rehabilitated with \$1,124,000. More than \$12.4 million in project-based rental assistance was provided to assure that rental of 3,054 units did not exceed 30% of the renter's income.



Before



After

Creekview Housing provides thirty-six newly renovated affordable apartments in Vergennes, VT. Co-partners **Housing Vermont** and **Addison County Community Action Group** purchased the 20-year old property in 2004 and completed the renovations this year. Creekview is the largest affordable rental housing property in Vergennes. Rural Development loaned \$1.3 million to purchase the property and another \$950,000 for rehabilitation.



Bill Suhr, Owner; Mike Bard, RD Specialist; and Stephen Butler, Contractor discuss the progress of the three story "bunkhouse"

Farm laborers at **Champlain Orchards** will have new housing thanks to a \$213,000 Farm Labor Housing Loan made to orchard owner Bill Suhr. The family owned farm is a commercial apple orchard and "pick your own" apple, raspberry and pumpkin operation. The Labor Housing will house up to ten laborers. The first floor will be used as a farm stand for the "pick your own" operation.

Laborers Leroy Thomas, Neville DaCosta, and Mavis Munger pose with Champlain Orchards owner Bill Suhr and their delicious apples.



The **Rural Rental Housing Direct Loan Program** provides funding to construct or rehabilitate affordable, apartment style housing for low income individuals, families and senior citizens. At present, the Vermont-New Hampshire jurisdiction has a portfolio of :

- ◇ 144 properties
- ◇ 4026 rental units.

There will be \$50 million for rehab and \$25 million for new construction available nationwide for FY 06.

Farm Labor Housing Loans are made to provide safe, well-built affordable rental housing for farm workers. There are 85 units of Farm Labor Housing in VT and NH. During Fiscal Year 2005, three **Farm Labor Housing Loans** for \$363,000 were made in VT.

The purpose of the **Guaranteed Rural Rental Housing Program** is to increase the supply of affordable rural rental housing, for low- to moderate-income tenants, through the use of loan guarantees and partnerships between Rural Development and approved lenders. There will be \$100 million available nationwide for this program.

BUSINESS AND COOPERATIVE PROGRAMS

LOANS: \$13,768,294

The **Business and Industry Loan Guarantee Program** offers a tool for lenders to provide favorable financing to Vermont and New Hampshire businesses that are providing good jobs and improving the economic climate of our communities. Benefits to the business include: access to higher loan amounts, lower interest rates and longer repayment terms.

The **Intermediary Relending Program (IRP)** is one of our most successful and active business programs. It provides low-cost capital to revolving loan funds which in turn relend the funds to small businesses.

Since the program's inception 23 years ago, RD has made \$16+ million in loans to intermediaries. Those dollars have revolved many times and resulted in 562 loans for \$26.8 million. Those loans have impacted 7,326 jobs and leveraged an additional \$149.5 million of private capital and equity.

RD programs support business growth and the creation of new jobs.

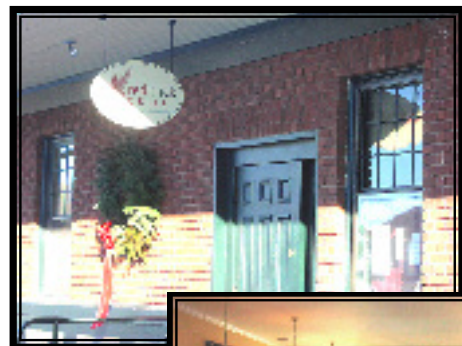
During Fiscal Year 2005, Rural Development in Vermont and New Hampshire guaranteed six Business and Industry Loans for a total of \$10,252,000. Those loans affected or created 425 jobs. At the same time, six Intermediary Relending Program Loans were made totaling \$3,516,294.

Rural Development guaranteed a business loan from **Chittenden Bank** to **Rhino Foods** of Burlington, VT. Rhino Foods manufactures novelty ice cream products using only high quality ingredients from Vermont. In addition to supporting 130 jobs, the loan guarantee allowed Rhino Foods to continue purchasing local ingredients, placing more money in the local economy.



Merchandising, restaurants, manufacturing....just a few of the types of businesses that benefit from loans from Rural Development's Intermediaries.

Clockwise from the bottom: *The Red Brick Grill*, Poultney, VT, Intermediary **Rutland Economic Development Corporation**; *Steel Elements*, Gorham, NH, Intermediary **Berlin Economic Development Corporation**; and *E.T. Hines*, Sanbornville, NH, Intermediary **Wentworth Economic Development Corporation**.



BUSINESS AND COOPERATIVE PROGRAMS

GRANTS: \$2,348,167

Rural Development Grants make achieving a dream possible.



Deer Flats Farm in West Pawlet, VT received a \$203,550 Renewable Energy/Energy Efficiency Grant to purchase and construct an on-farm methane digester to produce power for sale to the Central Vermont Public Service "Cow Power Project."

A Value-Added Producer Grant of \$40,362 was awarded to **Northeast Deer and Elk Farmers** of Plymouth, NH. They will use the grant to develop nutritional supplements as pet treats from deer antler velvet.



The first ever Rural Economic Development Grant in VT or NH was approved this year in the amount of \$300,000 to the **NH Electric Cooperative (NHEC)**. This grant program provides capital to rural electric cooperatives to establish revolving loan funds for community and economic development projects. NHEC will provide \$60,000 of their own funds to make a \$360,000 loan to Capital Regional Development Council-Plymouth for construction of a new health clinic in Plymouth, NH.



The **Vermont Council on Rural Development** received a \$37,490 Rural Business Enterprise Grant to establish wireless Internet systems and access points—WiFi Hot-spots—at 12 small businesses in the Northeast Kingdom of VT. Bonnie Parks demonstrates the technology at the Lyndon Freighthouse Restaurant, the first of the twelve proposed sites.



The **Women's Business Center**, serving Strafford County, Northwood and Pittsfield, NH, received a \$33,000 **Rural Business Enterprise Grant**. The grant was used to start the "Trading Up" program. Pictured above is Gi Indoccio, owner of Graceful Awakenings, in a Reiki session with a client. Gi is a graduate of the "Trading Up" program.

USDA Rural Development **Rural Business Enterprise Grant, Rural Business Opportunity Grant, and Rural Economic Development Grant** programs help small businesses start or expand by providing technical assistance or capital through a relending program. Eighteen Rural Business Enterprise and Opportunity Grants were awarded for a total of \$1,257,455.

Renewable Energy and Energy Efficiency Grants (RE/EE) are designed to help agriculture producers and rural small businesses reduce energy costs and consumption through the purchase of renewable energy systems and installation of energy efficiency equipment.

A \$300,000 **Rural Cooperative Development Grant** was awarded to the *NH Community Loan Fund* to provide technical assistance to owners of manufactured homes located in investor-owned manufactured home parks to consider cooperative ownership.

Vermont Public Television (VPT) used a \$396,800 **Television Demonstration Grant** to produce 2005's Outdoor Journal Series and other programs of interest to Vermonters.

COMMUNITY PROGRAMS

COMMUNITY FACILITIES: \$12,452,106

Rural Development provides funding to assist communities and non-profit organizations with development of facilities needed to provide essential community services such as child care, health care, education, fire and rescue and transportation.

Community Facility Grants are awarded to rural communities with a population of 20,000 or less. Grants are limited to 15% - 75% of the project cost, depending on the median household income of the service area.

Community Facility Direct and Guaranteed Loans totaling \$10,656,088 were awarded to purchase town road equipment, make improvements to a local library, construct a new fire station and town office building, build an ice rink/field house, purchase child care equipment, and build new day care and health care facilities.

"Meeting our rural communities' essential needs"

During fiscal year 2005, fifty grants totaling \$1,796,018 and seventeen loans totaling \$10,656,088 were awarded to rural communities.

Morrison Nursing Home in Whitefield, NH, an RD borrower and grant recipient, has been a long-time resource for the frail and elderly in Coos County. They started in 1992 with a loan to purchase and rehab their facility. In Fiscal Year 2004, they received a \$2,474 grant to purchase lift equipment. Last year, they received a \$27,300 grant to purchase CareTracker, a new supportive documentation system.

Clockwise from top: Florence Scott, a resident of Morrison Nursing Home, poses for the camera with her cat; Roxanne Severance, Executive Director of Morrison Nursing Home demonstrates the new CareTracker system; Roxanne Severance shows Jolinda LaClair, RD State Director for VT & NH, one of the lifts purchased with grant money from USDA Rural Development.



Club Respite, St. Albans, VT, received a \$1,075,000 Community Facility Loan to construct a new facility to house their adult day care center.



Sue Chase, Executive Director of Club Respite shows Elizabeth Chase and Bea Reynolds where the dining room will be at the new facility. Said Elizabeth Cross after the ground-breaking, "I couldn't sleep last night, I was so excited."



Lieutenant Governor Dubie joined clients of Club Respite at the ground breaking.

Children at the **Family Resource Center at Gorham**, NH enjoy their computer session, just one of many day and after school activities provided by the Center. The Family Resource Center at Gorham will use an \$8,230 Community Facility Grant to add voice mail to their phone system, refinish wood floors and replace the stairs and door at the front entrance of the building. During 2003, they received a \$10,970 Community Facility Grant to purchase child care equipment.



COMMUNITY PROGRAMS

FIRST RESPONDER INITIATIVE:

\$2,905,640

Town of Stratford, NH	\$114,950 Community Facility Grant	Purchase a new fire truck
Health First, Laconia, NH	\$1,260,000 Community Facility Loan	Construct new health facility
Coos Family Health, Berlin, NH	\$16,890 Community Facility Grant	Purchase generator
Weeks Medical Center, Whitefield, NH	\$77,000 Community Facility Grant	Purchase dental equipment for new health facility
Town of Putney, VT	\$980,000 Community Facility Loan	Construct a new fire station
Isle La Motte Volunteer Fire Department, VT	\$9,700 Community Facility Grant	Construct a new truck bay
Woodbury Volunteer Fire Department, VT	\$13,500 Community Facility Grant	Purchase a new fire truck
Town of Morristown, VT	\$50,000 Community Facility Grant	Expand ambulance building
Town of Richford, VT	\$100,000 Community Facility Grant	Purchase a new fire truck
Caledonia Essex Ambulance, St. Johnsbury, VT	\$33,600 Community Facility Grant	Refurbish ambulance and mount on new chassis
Town of Wheelock, VT	\$15,750 Community Facility Grant	Purchase a new pumper/fire truck
Town of Wheelock, VT	\$7,000 Community Facility Grant	Purchase a new water tanker/ fire truck
Derby Line Ambulance, VT	\$31,500 Community Facility Grant	Purchase a new ambulance
Orleans Firemen's Association, VT	\$16,500 Community Facility Grant	Repair ladder fire truck
North Troy Village, VT	\$8,250 Community Facility Grant	Purchase police vehicle
Town of Wells, Vermont	\$171,000 Community Facility Loan	Construct building to include emergency operations center

Emergency preparedness is a top priority for the Bush Administration.



Caledonia-Essex, VT Ambulance Service



Stratford, NH Fire Department



Troy, VT Police Department

COMMUNITY PROGRAMS

RURAL UTILITIES: \$33,702,612

Building infrastructure to provide rural businesses and households with modern telecommunications and 21st century water and wastewater systems.



Bruce King, President and CEO of **New London Hospital**, New London, NH, and Rural Development's Field Representative Steve McKenzie, look at a health care program used by the hospital. The hospital will use the combination DLT grant and loan to purchase and implement a new software system to advance patient service, quality and safety.



Superintendent David Bernier explains the workings of the **North Conway** water and wastewater systems to RD staff Janice Gingras and Bev Mason. In Fiscal Year 2005, Rural Development gave a matching loan/grant of \$1,882,100 to complete another phase of the water and wastewater upgrades for North Conway. Total RD funding for this project is \$12,363,203.



Lieutenant Governor Dubie (left) and Central Vermont Community Action Executive Director Hal Cohen, joined RD staff in celebrating **Earth Day** with preschoolers from Brook Street School in Barre, VT. The children made treasure bags from canvas bags and recycled ribbons, buttons and craft materials. RD staff read Earth Day poems to the children.



Students from Stevens High School in Claremont, NH, take recycling seriously. Stevens High School is one of 180 Northeastern schools that belong to the CLUB, a school recycling program sponsored by the **Northeast Resource Recovery Association (NRRA)** of Chichester, NH. A portion of the \$75,000 Solid Waste Management Grant received by NRRA will help with the continuation of the school recycling program.

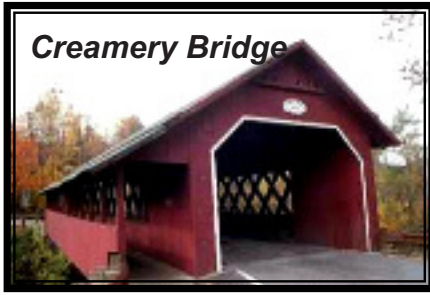
The **Distance Learning and Telemedicine Grant and Loan Program** provides funds to finance state-of-the-art technology to enhance educational and health care needs of the rural community. NH received \$3,776,430 in Distance Learning Telemedicine Grants and Loans during Fiscal Year 2005. Exeter Region Cooperative School District, Exeter, NH, received a \$499,330 grant; Visiting Nurse Association at Home Health Care Services, Keene, NH, received a \$327,100 grant; and the New London Hospital, New London, NH received a \$2,682,000 loan and a \$268,000 grant.

\$29,392,182 in Water and Wastewater Loans and Grants were made to public bodies, non-profits and corporations to develop or improve water and wastewater systems in rural areas during Fiscal Year 2005.

The VT/NH Jurisdiction led the nation with the award of six **Solid Waste Management Grants** totaling \$534,000, 15.4% of the total awarded nationally. The grants were made to non-profit organizations and public bodies to provide technical assistance and/or training to help communities reduce the solid waste stream.

COMMUNITY PROFILES

Connecting RD assets makes a difference.



Creamery Bridge

BRATTLEBORO, VT: In the last five years, almost \$13.5 million in Rural Development loans and grants have been awarded to enhance economic development, provide housing and improve community services in Brattleboro, VT.

Infrastructure:

Brattleboro organizations have received a total of \$642,000 in Solid Waste Management Grants in the last five years to assist with the reduction of the solid waste stream. *Results: Environmental Improvements*

Business and Economic Development:

Hospitality Brattleboro received a \$1,000,000 Business Loan Guarantee to construct an 86 room hotel and conference center. VT Quality Meats received a \$75,469 Value Added Producer Grant to expand markets into New York City and Boston. *Results: Job Creation*

Housing:

More than \$10.5 million from RD has financed 53 single family homes and two rural rental properties with a total of 84 family units. *Results: Homes for Vermonters*

Community Services:

\$947,647 in Community Facility grants, direct loans and loan guarantees were awarded for educational, adult and child care equipment and facilities. *Results: Improved Quality of Life*

Utilities:

The Vermont Center for the Deaf and Hard of Hearing, Inc. received a \$98,900 Distance Learning Telemedicine Grant. *Results: Enhanced Educational Opportunities*

PLYMOUTH, NH: USDA Rural Development has reached out to Plymouth, NH, supporting their vision for the future with several Rural Development programs. Almost \$13.5 million have been invested in Plymouth, NH in the last five years.

*The building that is now the **Plymouth Town Hall** has been a part of local and county government since its construction in 1891.*



Infrastructure:

Plymouth received \$1,577,170 in Wastewater grant and loan funds to extend their sewer system to previously unserved residents. *Results: Environmental Improvements*

Business and Economic Development:

A \$40,362 Value Added Producer Grant was awarded to the Northeast Deer and Elk Farmers to study the feasibility of making pet treats from antler velvet. Grafton County Economic Development received a \$99,000 Rural Business Enterprise Grant to capitalize a revolving loan fund for small businesses.

Results: Job Creation

Housing:

Plymouth has two multi-family housing properties providing 65 units of family housing, 30 units of elderly housing and 12 single family homes for a total housing investment by RD of \$12,740,533.

Results: Homes for New Hampshire Residents

Community Services:

A \$12,243 Community Facility Grant was given to the Pemi Youth Center to make renovations. Wreath School of NH received a \$1,404,000 Community Facility Loan Guarantee to rehabilitate an existing building used as a residence for court appointed youth. *Results: Improved Quality of Life*

Utilities:

The New Hampshire Electric Cooperative will use a \$300,000 Rural Economic Development Grant to support economic development. *Results: Stronger Economy*

CO-OPS

“OWNED BY OUR MEMBERS, COMMITTED TO OUR COMMUNITIES”

Many people don't realize that a core piece of the Rural Development mission includes fostering the development of new and existing cooperatives. User-owned cooperatives process and market products, purchase production supplies or consumer goods, provide housing and credit, build and operate rural utilities, and provide other services needed by rural residents. By working together, rural residents are often able to reduce costs, obtain services that might otherwise be unavailable, and achieve greater returns for their products. And, because cooperatively structured businesses are locally owned and controlled, the jobs, profits, and resources generated by co-op businesses tend to stay in the community much longer than they do in the case of corporations owned by distant investors.

Rural Development uses a variety of its programs to support cooperatives in Vermont and New Hampshire. Several food co-ops in Vermont received direct and guaranteed business loans. Two food co-ops and the Vermont Employee Ownership Center received help through the Rural Business Enterprise Grant program, and Value Added Producer Grants have been awarded to both the Cabot Creamery and VT Quality Meats. The New Hampshire Community Loan Fund (NHCLF) has received two \$300,000 Rural Cooperative Development Grants to provide technical assistance to residents in manufactured home parks who want to form cooperatives. NHCLF has expanded its technical assistance to other states interested in developing the infrastructure for co-op conversion. The New Hampshire Electric Co-op received a \$300,000 Rural Economic Development Grant to establish a revolving loan fund for economic development in NH. Washington Electric Cooperative in East Montpelier, VT built and owns the “Coventry Project” which will generate electricity by burning methane gas from the state's largest landfill.



Top, clockwise: Washington Electric Co-op Coventry Landfill Gas Generation Project; St. Johnsbury Food Co-op; Vermont Quality Meats; Cabot Creamery; and Freedom Hill Cooperative with Paul Bradley, Executive Director of the New Hampshire Community Loan Fund.

PARTNERS MATTER

2005 PARTNERS OF THE YEAR

USDA Rural Development's mission is to *"increase economic opportunity and improve the quality of life for rural Americans."* We can't do it alone — we need partners! We were honored to recognize three organizations that have shown tremendous partnership and support of RD programs throughout the year.



Community National Bank received the **2005 VT Guaranteed Lender of the Year Award**. Their support of RD's business and housing programs has been outstanding, originating two of the four Guaranteed Business Loans for the year and 22% of the Guaranteed Housing Loans in Vermont. CNB was nominated for this award by St. Johnsbury Area Director Steven Campbell and Guaranteed Rural Housing Loan Specialist Cheryl Ducharme, noting CNB's optimal customer service and their willingness to always go the extra mile to make the loan work.



Northern Community Investment Corporation (NCIC) was chosen as the **VT/NH Partner of the Year**, the first time RD has chosen a partner that provides services in both states. During 2005 NCIC successfully competed for a \$200,000 RBEG to establish a loan fund for craft/artisan businesses in the Northeast Kingdom. They also received \$1.5 million in IRP funds to recapitalize their small business loan funds in both VT and NH. **As the largest single IRP borrower in VT and NH, NCIC has used this program since 1980 to extend credit to 228 businesses for over \$20 million, impacting 2,716 jobs and leveraging an additional \$105 million in private funds!** NCIC is also a critical partner in the RD funded initiatives to improve the housing stock and identify uses for vacant buildings in Berlin, NH.



Above—the NCIC Team. Left: NCIC Executive Director Jon Freeman accepts award from RD State Director Jolinda LaClair



First Horizon Home Loans was the recipient of the **2005 NH Guaranteed Lender of the Year Award**. Guaranteed Rural Housing Specialist Colleen Ladew and Concord Area Director Everett Bailey nominated First Horizon for their excellent customer service and willingness to go the extra step to help New Hampshire residents realize their dream of homeownership. Through the efforts of Ms. Carol Jordan (center in first row) and her team, First Horizon Home Loans closed over \$5,000,000 in residential mortgage loans, 25% of the total housing loans guaranteed by Rural Development throughout the state of New Hampshire.

RD RECOGNIZES EXCELLENCE



Michelle Talbot, overseeing 30 units of elderly housing at the Belmont Village Apartments in Belmont, NH, was awarded the Site Manager of the Year Award. Site Managers of the Year are nominated by management companies with input from the residents. Said one of her tenants, “Michelle cares and treats this like her home and each tenant like family.”

Sandra Hawkins, RD Multi-family Housing Specialist, Michelle Talbot, James Fowler, Multi-family Housing Specialist and Linda Woodard, Multi-family Housing Technician

A certificate of appreciation was presented to John Alden of Scott & Partners for his hard work and dedication in the design of the renovations to Creekview Apartments, Vergennes, VT. As a result of Mr. Alden’s vision, 36 families are now living in safe, affordable and attractive housing.

Sue Cobb, Housing Vermont; Joe Silveira, RD Construction Analyst; John Alden; and Ed Hendersen and Donald Stewart of Stewart Construction Inc.



Deborah Boyd, Rural Development Specialist, presented the Council on Aging for Southeastern Vermont with a Certificate of Appreciation from USDA Rural Development. “We recognize the Council’s role in assuring that seniors of Windham and Windsor Counties get the assistance they need to maintain their homes and independence,” said Boyd. “Without their willingness to share information about Rural Development’s housing repair programs, many seniors would never hear about us.”

Deborah Boyd, Rural Development Specialist and Council on Aging for Southeastern VT staff Edie Brown, Executive Director Joyce Lemire, and Pam Halme



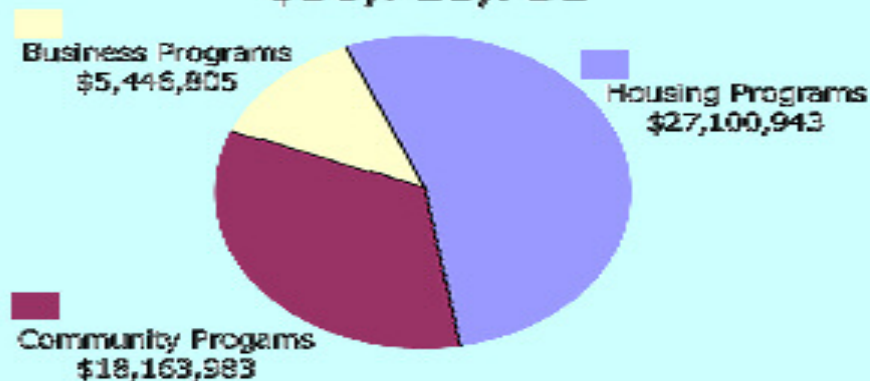
USDA RURAL DEVELOPMENT FISCAL YEAR 2005

INVESTMENT in VERMONT by COUNTY

\$50,711,731

County	Housing Programs	Business and Cooperative Programs	Community Programs	Utility Programs	Total
Addison	\$1,052,685	\$1,287,000	\$15,000		\$2,354,685
Bennington	\$631,720		\$50,000	\$500,000	\$1,181,720
*Caledonia	\$2,098,732		\$2,661,350	\$1,625,400	\$6,385,482
Chittenden	\$1,453,974	\$814,900	\$836,000		\$3,104,874
*Essex	\$358,100		\$125,905		\$484,005
Franklin	\$3,952,926		\$1,175,000		\$5,127,926
Grand Isle	\$2,800		\$9,700	\$41,440	\$53,940
Lamoille	\$850,530		\$50,000	\$3,310,000	\$4,210,530
Orange	\$716,848		\$13,340		\$730,188
*Orleans	\$2,188,702	\$1,397,000	\$465,898	\$139,000	\$4,190,600
Rutland	\$1,883,559	\$227,900	\$1,651,000	\$257,400	\$4,019,859
Washington	\$3,111,480		\$15,800	\$110,000	\$3,237,280
Windham	\$1,961,280		\$1,505,000	\$1,678,000	\$5,144,280
Windsor	\$1,827,740	\$19,710	\$878,750	\$1,050,000	\$3,776,200
Statewide	\$5,009,867	\$448,100			\$5,457,967
*Rural Economic Area Partnership (REAP) Zone		\$1,252,195			\$1,252,195
Total	\$27,100,943	\$5,446,805	\$9,452,743	\$8,711,240	\$50,711,731

RD Investment in VT \$50,711,731



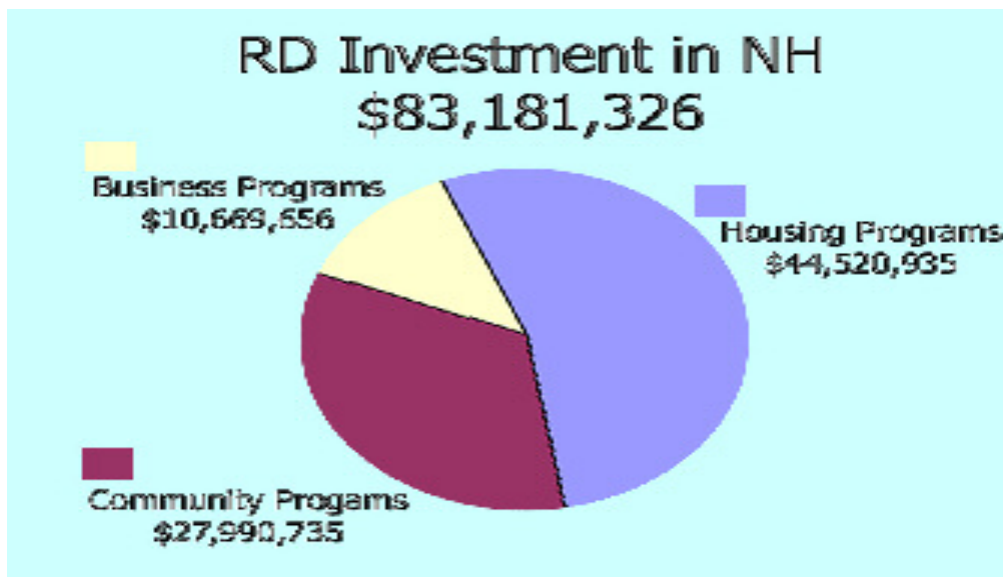
*Caledonia, Essex and Orleans Counties, known as Vermont's Northeast Kingdom, has been designated as a Rural Economic Area Partnership (REAP) Zone. The designation gives the Northeast Kingdom access to additional federal funding for business development, housing, community facilities and water and sewer infrastructure projects from USDA Rural Development and adds priority points to applications from other funding sources. Since Fiscal Year 2001, Rural Development has invested \$46,746,598 in the Northeast Kingdom.

USDA RURAL DEVELOPMENT FISCAL YEAR 2005

INVESTMENT in NEW HAMPSHIRE by COUNTY

\$83,181,326

County	Housing Programs	Business And Cooperative Programs	Community Programs	Utility Programs	Total
Belknap	\$3,343,597		\$2,406,500	\$11,818,690	\$17,568,787
Carroll	\$2,526,980	\$500,000	\$55,775	\$1,882,200	\$4,964,955
Cheshire	\$6,884,522			\$427,100	\$7,311,622
Coos	\$2,137,076	\$1,266,294	\$330,920	\$6,380,000	\$10,114,2909
Grafton	\$3,630,300	\$840,362		\$96,000	\$4,566,662
Hillsborough	\$4,191,070	50,000			\$4,241,070
Merrimack	\$4,932,041	\$3,875,000	\$186,588	\$3,888,052	\$12,881,681
Rockingham	\$1,820,000	\$533,000		\$499,330	\$2,852,330
Strafford	\$3,221,611	\$3,605,000			\$6,826,611
Sullivan	\$4,375,600		\$19,580		\$4,395,180
Statewide	\$7,458,138				\$7,458,138
Total	\$44,520,935	\$10,669,656	\$2,999,363	\$24,991,372	\$83,181,326

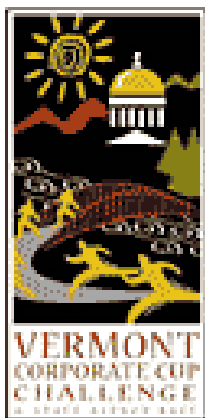


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RURAL DEVELOPMENT CARES

GOVERNOR'S CORPORATE CUP CHALLENGE

Three RD teams entered the annual VT Governor's Corporate Cup Challenge. Proceeds from the race are given to the Governor's Commission on Health and Fitness. Right: Susan Poulin, Claire Bailey and Naomi Hatch. Below: Charlene Bohl, Eric Young and Anita Moore. Not shown were runners, Jolinda LaClair, Rhonda Shippee and Susan Hayes.



HOLIDAY SMILES

RD staff in Montpelier, VT collected gifts and \$90 in gift certificates for Grace Ross and her two little boys, four year old Tegan and three year old Damon. Grace is shown on the left, wearing the white sweater, with the children's babysitter, Deserra, and RD staff. Tegan and Damon are on the right.



SHARING WARMTH

Rural Development staff in NH collected 23 blankets to donate to the Edna McKenna House Shelter in Concord, NH. The Edna McKenna House Shelter provides basic needs of food and shelter for homeless men and women while they seek to secure suitable, more permanent living arrangements.



THE RD STAFF

Proud To Work For RD!!!

Vermont and New Hampshire



The dedicated and professional staff of USDA Rural Development for Vermont and New Hampshire are available to assist individuals who want to buy their first home, businesses that want to expand and communities that want to provide essential services for their residents. They are proud to be part of an organization that works to “increase economic opportunity and improve the quality of life for all rural Americans”.

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